



**Annual Financial Statements for  
ZULULAND DISTRICT MUNICIPALITY  
for the year ended 30 June 2015**

Province:

KwaZulu Natal

**Contact Information:**

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**Name of Chief Financial Officer:** S.B. NKOSI

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**Name of relevant Auditor:** Auditor General

**ZULULAND DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

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**ZULULAND DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2015**

## GENERAL INFORMATION

## MEMBERS OF THE COUNCIL

1	Cllr MA Hlatshwayo	Mayor
2	Cllr V O Mbuyisa	Speaker
3	Cllr SE Qwabe	Deputy Mayor
4	Cllr S Ntombela	Member of the Executive Committee
5	Cllr B B Zwane	Member of the Executive Committee
6	Cllr ME Khumalo	Member of the Executive Committee
7	Cllr S E Nkwanyana	Member of the Executive Committee
8	Cllr SR Nkosi	Member
9	Cllr M M Mntungwa	Member
10	Cllr M B Mabaso	Member
11	Cllr ZS Buthelezi	Member
12	Cllr R B Mlungu	Member
13	Cllr N J Mjaja	Member
14	Cllr Z Siyaya	Member
15	Cllr T B Lukhele	Member
16	Cllr SJ Zulu	Member
17	Cllr BJ Mncwango	Member
18	Cllr BC Nhlabathi	Member
19	Cllr KE Nxumalo	Member
20	Cllr IA Mbatha	Member
21	Cllr NM Nhlabathi	Member
22	Cllr RM Zulu	Member
23	Cllr MT Lushaba	Member
24	Cllr NF Zulu	Member
25	Cllr MS Ntshangase	Member
26	Cllr ISM Hadebe	Member
27	Cllr ME Buthelezi	Member
28	Cllr Mkhize TK	Member
29	Cllr Ximba SP	Member
30	Cllr TL Khumalo	Member
31	Cllr PTAN Buthelezi	Member
32	Cllr LS Dumakude	Member
33	Cllr N Xaba	Member
34	Cllr TJ Khumalo	Member
35	Cllr Dlamini QM	Member

**ZULULAND DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2015**

**General information (continued)**

**Municipal Manager**

J.H. de Klerk

**Chief Financial Officer**

S.B. Nkosi

**Grading of Local Authority**

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**Auditors**

Auditor-General South Africa

**Bankers**

ABSA Bank Limited

**Registered Office:**

ZULULAND DISTRICT MUNICIPALITY

**Physical address:**

B-400 GAGANE STREET  
ULUNDI  
3838

**Postal address:**

PRIVATE BAG X76  
ULUNDI  
3838

**Telephone number:**

035 874 5500

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035 874 5589/91

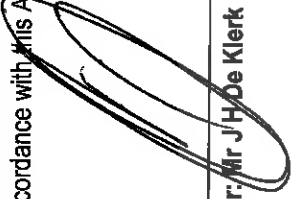
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**ZULULAND DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages **4 to 52**, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.  
I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs's determination in accordance with this Act.



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**Municipal Manager: Mr J H De Klerk**

**31 August 2015**

**CHILLO AND DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2018

	Note	2015 R	2014 R
<b>ASSETS</b>			
<b>Current assets</b>		<b>33 034 742</b>	<b>19 646 077</b>
Cash and cash equivalents	2	6 000	-
Trade receivables from exchange transactions	3.1.	8 103 144	3 791 500
Other receivables from exchange transactions	3.2.	177 118	31 600
Other receivables from non-exchange transactions	4 & 38	12 956 283	4 141 495
Inventories	5	5 507 329	3 285 555
Prepayments	6	759 931	1 754 390
VAT receivable	13	5 524 936	6 641 538
<b>Non-current assets</b>		<b>2 254 069 186</b>	<b>2 056 953 769</b>
Non-current receivables	7	5 224 345	3 124 887
Property, plant and equipment	8	2 247 030 312	2 052 293 685
Heritage assets	9	1 151 452	1 151 452
Intangible assets	10	663 078	383 745
<b>Total assets</b>		<b>2 287 103 928</b>	<b>2 076 599 847</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>132 666 796</b>	<b>94 291 921</b>
Trade and other payables from exchange transactions	11	76 828 090	79 132 435
Consumer deposits	12	3 329 844	3 227 865
Current provisions	14	6 814 881	5 869 455
Bank overdraft	2	45 486 859	5 499 352
Payables from non-exchange transactions	15	207 123	562 815
<b>Non-current liabilities</b>		<b>15 738 325</b>	<b>5 325</b>
Rental deposits held	17	5 325	5 325
Post retirement benefit obligations	39	15 733 000	-
<b>Total liabilities</b>		<b>148 405 121</b>	<b>94 297 246</b>
<b>Net assets</b>		<b>2 138 698 807</b>	<b>1 982 302 601</b>
<b>NET ASSETS</b>			
Accumulated surplus / (deficit)		2 138 698 807	1 982 302 600
<b>Total net assets</b>		<b>2 138 698 807</b>	<b>1 982 302 600</b>

**DULLA AND DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
*for the year ending 30 June 2015*

	<b>Note</b>	<b>2015 R</b>	<b>2014 R</b>
<b>Revenue from Exchange Transactions</b>			
Service charges	18	29 948 179	26 899 025
Rental of facilities and equipment	19	178 377	119 418
Interest earned - external investments	20	2 037 921	6 980 485
Other revenue from exchange transactions	23	3 701 241	2 533 754
Reversal of contribution to doubtful debts	3	7 682 194	-
<b>Revenue from Non-Exchange Transactions</b>			
Government grants and subsidies received	22	659 449 094	673 040 161
Other revenue from non-exchange	22.1	37 964	27 864
<b>Total revenue</b>		<b>703 034 970</b>	<b>709 600 706</b>
<b>Expenses</b>			
Employee related costs	24	144 055 908	128 570 712
Remuneration of councilors	25	6 221 335	6 191 361
Contribution to Doubtful debts	3	-	6 416 307
Depreciation and amortisation expense	26.1	39 089 925	29 700 571
Repairs and maintenance	26.2	41 115 042	47 091 156
Bad debts	50	8 246 053	-
Employee benefits	39	15 733 000	-
Bulk Water purification and Sewer Treatment	28	74 180 428	76 016 153
Contracted services	29	14 862 961	13 428 612
Grants and subsidies paid	30	200 000	1 829 239
General expenses	31	204 716 127	212 653 951
<b>Total expenses</b>		<b>548 420 779</b>	<b>521 898 061</b>
<b>Gains on sale of assets</b>	32	167 119	23 291
Financial Loss Recovered	42	1 097 113	1 000 000
<b>Surplus / (deficit) for the period</b>		<b>155 878 422</b>	<b>188 725 936</b>

**ZULULAND DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 30 June 2015**

**DETAILS**

Accumulated  
Surplus/(Deficit)

**Note**                      **R**

<b>Balance at 30 June 2013</b>		<b>1 792 772 066</b>
Correction of prior period error	38	977 568
<b>Restated Balance at 30 June 2013</b>		<b>1 793 749 634</b>
Surplus / (deficit) for the period		188 725 936
<b>Restated Balance at 30 June 2014</b>		<b>1 982 475 570</b>
Correction of prior period error	38	(172 970)
<b>Restated Balance at 30 June 2014</b>		<b>1 982 302 600</b>
Transfers to accumulated surplus		517 785
Surplus / (deficit) for the period		155 878 422
<b>Balance at 30 June 2015</b>		<b>2 138 698 807</b>



ZULULAND DISTRICT MUNICIPALITY

CASH FLOW STATEMENT

for the year ending 30 June 2015

	Note	2015 R	2014 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		686 563 006	716 985 248
Cash Received from consumers, government and other	33	686 563 006	716 985 248
<b>Payments</b>		(510 894 453)	(496 183 496)
Cash Paid to employee costs, supplier and other	33	(510 894 453)	(496 183 496)
<b>Net cash flows from operating activities</b>	33	175 668 553	220 801 752
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Net cash flows from investing activities</b>		(231 383 059)	(315 851 983)
Purchase of Property, Plant and Equipment		( 233 345 001)	(323 461 861)
Purchase of Heritage Assets		-	(162 974)
Proceeds from sale of Property, Plant and Equipment		395 346	842 167
Interest-Investments		2 037 921	6 980 485
Purchase of intangible assets		(471 325)	(49 800)
Proceeds from sale of investments			
Purchase of foreign currency securities			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Increase in post retirement benefit obligations</b>		15 733 000	-
		15 733 000.00	-
<b>Net increase / (decrease) in net cash and cash equivalents</b>		(39 981 507)	(95 050 231)
Net cash and cash equivalents at beginning of period		(5 499 352)	89 550 879
Net cash and cash equivalents at end of period	34	(45 480 859)	(5 499 352)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL ACCOUNTS

Actual 2014	Description	Actual 2015	Approved Budget 2015	Adjustments	Final Budget 2015	Difference	Comments
	Revenue						
28 899 025	Service charges	29 948 179	29 237 000		29 237 000	651 179	Service charges from Sewerage Removal was not budget for during 2014/15 budget
119 418	Rental of facilities and equipment	178 377	65 000		65 000	113 377	Budget was based on the last financial year's actual.
6 980 485	Interest earned - external investments	2 037 921	8 581 000	-6 000 000	2 581 000	-543 079	Interest is based on estimated capital investments that fluctuate during the year.
	Reversal of provision for doubtful debts	7 682 194					Reversal of provision
673 040 161	Government grants and subsidies	659 449 094	649 563 000	-6 537 000	643 026 000	16 423 094	P 700 Grant was not received, RBIG was not received in full and the additional allocation of MIG and ACIP.
2 561 618	Other income	3 739 205	181 672 000	-1 662 000	180 020 000	-176 280 795	Due to the appropriation of accumulated reserves used to finance the budget
709 600 706	Total revenue	703 034 970	869 178 000	-14 189 000	854 989 000	151 954 030	
	Expenses						
128 570 712	Employee related costs	144 055 908	142 395 000		142 395 000	-1 660 908	savings was reallocated to salaries to cater for salaries more than budget.
6 191 361	Remuneration of councillors	6 221 335	6 467 000		6 467 000	245 665	savings in allowances
-	Bad debts	8 246 063			-	-8 246 063	Based on actual debt impairment
28 700 571	Depreciation and amortisation expense	39 089 925	45 618 000		45 618 000	6 528 075	Other Assets are purchased at different intervals during the year and some were not capitalised since they are still in progress.
47 091 156	Repairs and maintenance	41 115 042	58 987 000		58 987 000	17 871 958	Savings achieved
-	Employee benefits	15 733 000			-	-15 733 000	No budget for employee benefits
76 016 153	Bulk Water purification and Sewer Treatment	74 180 428	84 865 000		84 865 000	10 684 572	bulk water purchases is fully spent as a results of refurbishment works conducted at the plants.
13 428 612	Contracted services	14 862 961	15 401 942		15 401 942	538 981	There are savings in the budget
1 829 239	Grants and subsidies paid	200 000	1 981 000		1 981 000	1 781 000	Funded organisations could not prove prior year expenditure and it was agreed that money will not be transferred
219 070 258	General expenses	204 716 127	158 455 058	-16 680 000	141 775 058	-62 941 069	Rural sanitation budget is not allocated to operating budget since its capital in nature, but does not qualify to be an asset, that resulted to the expenditure being operating and included in the financial performance
521 898 061	Total expense	548 420 779	514 170 000	-16 680 000	497 490 000	-50 930 779	
23 291	Gains / (losses) on sale of assets	187 119					
1 000 000	Financial Loss Recovered	1 097 113					Proceeds from insurance claim
188 725 936	Surplus / (Deficit) for the period	155 878 422	355 008 000		357 499 000	202 884 610	

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

**1 ACCOUNTING POLICIES**

**1.1 BASIS OF ACCOUNTING**

**1.1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP Standards have been developed in accordance with paragraphs 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

The presentation and classification of items in the current year is consistent with prior periods.

**1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following Standards of GRAP have been issued by the Accounting Standards Board but have not been given an effective date by the Minister of Finance. The entity has not early adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5.

Standard number	Standard name	Effective date (if applicable)
GRAP 18	<i>Segment Reporting</i>	No effective date
GRAP 20	<i>Related Party Disclosures</i>	No effective date
GRAP 32	<i>Service Concessions Arrangement Grantor</i>	No effective date
GRAP 105	<i>Transfer of Functions Between Entities Under Common Control</i>	No effective date
GRAP 106	<i>Transfer of Functions Between Entities Not Under Common Control</i>	No effective date
GRAP 107	<i>Mergers</i>	No effective date
GRAP 108	<i>Statutory Receivables</i>	No effective date

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

**GRAP 18: SEGMENT REPORTING**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

**GRAP 20: RELATED PARTY DISCLOSURES**

The objective of this Standard of GRAP is to ensure that a municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

It is unlikely that the standard will have a material impact on the municipality's financial statements.  
For the year under review, the municipality has applied IPSAS 20.

**GRAP 25: EMPLOYEE BENEFITS**

The objective of this standard is to prescribe the accounting and disclosure for employee benefits. The major difference between this Standard of GRAP and IAS 19 is with regards to the treatment of actuarial gains and losses and past service costs. This Standard of GRAP requires a municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

The effective date of the standard is for years beginning on or after 01 April 2013. The municipality expects to adopt the standard for the first time in the 2014 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**GRAP 31: INTANGIBLE ASSETS**

This Standard of GRAP replaces the previous Standard of GRAP on Intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

The effective date of the standard is for years beginning on or after 01 April 2013.

There is no impact of the standard on adoption.

**GRAP 105: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL**

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**GRAP 106: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL**

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities not under common control.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

**GRAP 107: MERGERS**

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

The municipality expects to adopt the standard once it becomes effective.

The impact of this standard is currently being assessed.

Impact on the municipality's financial statements once implemented:

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

**1.6 PROPERTY, PLANT AND EQUIPMENT**

**1.6.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The major components are depreciated separately over their useful lives.

Where an asset is acquired by the municipality for no consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.6.3 DEPRECIATION AND IMPAIRMENT**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use after taking into account the an assets' residual value where applicable.

The annual depreciation rates are based on the following estimated average asset lives:

<b>Infrastructure</b>	
Water	15-70 years
Sewerage	15-70 years
<b>Community</b>	
Buildings	30 years
Recreational Facilities	20-30 years
<b>Finance lease assets</b>	
Office equipment	5 years
<b>Other</b>	
Buildings	30 years
Specialist vehicles	7 years
Other vehicles	7 years
Office equipment	3-7 years
Furniture and fittings	7 years
Emergency equipment	10 years
Computer equipment	5 years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and adjusted where necessary. Any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Land is not depreciated as it is deemed to have an indefinite life.

**1.6.4**

**DERECOGNITION**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

**1.7 HERITAGE ASSETS**

**1.7.1 INITIAL RECOGNITION**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations. A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

**1.7.2 MEASUREMENT AT RECOGNITION**

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

**1.7.3 SUBSEQUENT MEASUREMENT**

The municipality uses either cost model or revaluation model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirement of heritage asset and can be measured reliable. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generation.

If the municipality re-values heritage asset, the entire class of heritage assets to which that asset belongs is re-valued. The surplus or deficit realised during revaluation is either credited or debited against the revaluation surplus account.

Heritage assets are not depreciated, however the municipality assesses impairment to all heritage assets at each reporting date.

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

**1.7.4 DE-RECOGNITION OF HERITAGE ASSETS**

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations.

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised.

Gains and losses are determined as the difference between the carrying amount (cost less accumulated impairment losses) and the disposal proceeds and included in the Statement of Financial Performance.

**1.7.5 TRANSITIONAL PROVISIONS**

The municipality utilises the transitional provisions under Directive 4, which allows three (3) years for the measurement of heritage assets.

**1.8 INTANGIBLE ASSETS**

**1.8.1 INITIAL RECOGNITION**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**1.8.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software                      5-7 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

**1.8.4 DERECOGNITION**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.9 INVENTORIES**

**1.9.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**1.9.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method (FIFO).

**1.10 NON-CURRENT ASSETS HELD FOR SALE**

**1.10.1 INITIAL RECOGNITION**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**1.10.2 MEASUREMENT**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**1.10.3 DERECOGNITION**

Non-current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / loss that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition.

**1.11 INVESTMENT PROPERTY**

**1.11.1 INITIAL RECOGNITION AND MEASUREMENT**

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations. Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably. At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property. Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.



**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

**1.11.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.11.3 IMPAIRMENTS**

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an investment property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

**1.11.4 DERECOGNITION**

An investment property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

**1.12 BIOLOGICAL ASSETS**

**1.12.1 RECOGNITION**

Biological assets that are not managed as part of an agricultural activity are accounted for as property, plant and equipment where they are expected to be used for longer than 12 months (refer to accounting policy for property, plant and equipment).

Biological assets that are managed as part of an agricultural activity, and agricultural produce are recognised when:

- o The entity controls the asset; and
- o Future economic benefits or service potential from the asset is probable; and
- o The fair value or cost of the asset can be determined.

**1.12.2 MEASUREMENT**

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition as well for subsequent reporting periods. Agricultural produce (as harvested from biological assets) are recognised at the point of harvest. Accordingly, agricultural produce is measured at fair value less point-of-sale costs at the point of harvest. When this agricultural produce is transferred to inventory (for the purpose of consumption or resale) the fair value less point-of-sale costs, becomes the cost of the agricultural produce inventory.

Where there is no active market for biological assets and it is not possible to determine the fair value of the biological assets reliably through the use of other valuation techniques, the biological assets are measured at cost less accumulated depreciation and accumulated impairment losses. Should the fair value of the biological asset become available or reliably determinable in subsequent periods, the biological asset will be measured at its fair value less point-of-sale costs.

When measuring the biological asset at fair value less point-of-sale costs at initial recognition a gain arises on that asset. This gain is recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

The gain or loss that arises on the initial recognition of agricultural produce at fair value less point-of-sale costs is also recognised in surplus or deficit in the period that it arises.

**1.12.2 DERECOGNITION**

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is derecognised at the point of reclassification.

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

**1.13 FINANCIAL INSTRUMENTS**  
**1.13.1 INITIAL RECOGNITION**

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Long-term Receivables	Financial asset at amortised cost
Consumer Debtors	Financial asset at amortised cost
Other Debtors	Financial asset at amortised cost

**1.13.2 MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP 104 Standard on Financial Instruments, is in accordance with IAS 39.

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

**1.13.3 IMPAIRMENTS**

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

**1.13.4 RECOGNITION**

A financial asset is derecognised at trade date, when:

- The cash flows from the asset expire, are settled or waived;
- a) Significant risks and rewards are transferred to another party; or
- b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

**1.9 INVESTMENTS**

Investments, which include short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

**1.10 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**1.11 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

**1.12 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**1.13 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.14 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.15 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.16 LEASES**

**1.16.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight line basis over the term of the relevant lease.

**1.16.2 MUNICIPALITY AS A**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**1.17 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

**1.18 REVENUE**

**1.18.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council and are levied monthly.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

**1.18.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines constitute both spot fines in the form of meter tampering fines. Fines are recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

**1.18.3 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset or expense is recognised.

**1.19 BORROWING COSTS**

Borrowing cost are recognised as an expense in Statement of Financial Performance in the period they become due and payable.

**1.20 EMPLOYEE BENEFITS**

**Short-term Employee Benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

**Defined Contribution Plans**

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

**Defined Benefit Plans**

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

**Pension obligations**

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

**ZULULAND DISTRICT MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2015**

**Municipal Councillors**

Councillors belong to the Councillors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

**Post-retirement Health Care Benefits**

The municipality has an obligation to provide Post-retirement Health Care Benefits for current employees of the municipality. According to the municipality, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

**1.21 VAT**

VAT is accounted for on the payment basis i.e. VAT is paid over to SARS only once payment is received from debtors and/ or when actual payment is made to creditors.

**1.22 BUDGET INFORMATION**

The annual budget figures have been prepared in accordance with the GRAP 24. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts.

Explanatory comments on material differences are provided in a separate budget statement in the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2014 to 30 June 2015.

**1.23 CAPITAL COMMITMENTS**

Most of infrastructure projects are multi-year projects that requires budget funding over certain period of years. At year-end reporting date some funds are committed and contract signed with various contractors to carry out construction of infrastructure projects. Some funds are committed but not yet contracted for. Committed amount is net of VAT.

**ZULULAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**2 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:  
Cash on hand  
Cash deposits

Note	2015 R	2014 R
	6 000	
	6 000	-

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA BANK-KZN Public Sector Branch: 4047162045

Cash book balance at beginning of year	-5 499 352	(39 476 013)
Cash book balance at end of year	-	(5 499 352)
Bank statement balance at beginning of year	11 200 997	40 318 624
Bank statement balance at end of year	-	11 200 997
Cash on hand	6 000	
Total cash and cash equivalents	6 000	-
Total bank overdraft	45 486 859	5 499 352

Call Accounts

Abisa Bank (20-7293-6439)  
First National Bank (1053607016)  
Standard Bank (9864660)  
Investec

Total	-	50 000 000
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Encumbrances: A Guarantee of R24,200,000 has been issued in favour of supplier for the purchase of pipes (2013). The guarantee was released during the 2014 financial year.

**3.1 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Trade receivables  
as at 30 June 2015

	Gross Balances R	Impairment of Debtors R	Net Balance R
Service debtors (Water and Sanitation)	64 466 163	56 363 019	8 103 144
Total	64 466 163	56 363 019	8 103 144

as at 30 June 2014

Service debtors (Water and Sanitation)

	67 836 712	64 045 213	3 791 500
Total	67 836 712	64 045 213	3 791 500
	67 836 712	64 045 213	3 791 500

**ZULULAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015 R	2014 R
<b>Water and Sewerage: Arising</b>			
Current (0 – 30 days)		2 896 613	5 057 807
31 - 60 Days		1 765 851	1 436 677
61 - 90 Days		1 719 592	1 534 993
91 - 120 Days		1 592 412	1 244 947
121 - 365 Days		9 677 446	9 471 371
+ 365 Days		47 024 249	49 061 117
<b>Total</b>		<b>64 466 163</b>	<b>67 836 712</b>

**Summary of Debtors by Customer Classification**

	Consumers	Industrial / Commercial/ National & Provincial Government
<b>as at 30 June 2015</b>		
Current (0 – 30 days)		
31 - 60 Days	1 179 771.83	1 506 842
61 - 90 Days	941 867.59	823 983
91 - 120 Days	973 637.80	745 954
121 - 365 Days	937 707.68	654 705
+ 365 Days	7 546 428.93	2 131 017
Sub-total	43 150 838.48	3 873 411
Less: Provision for doubtful debts	54 730 252.30	9 735 911
<b>Total debtors by customer classification</b>	<b>54 730 252</b>	<b>9 735 911</b>

<b>as at 30 June 2014</b>		
Current (0 – 30 days)		
31 - 60 Days	2 360 442	2 697 165
61 - 90 Days	980 642	456 036
91 - 120 Days	942 468	592 525
121 - 365 Days	920 531	324 416
+ 365 Days	7 411 073	2 060 298
Sub-total	45 893 098	3 198 108
Less: Provision for doubtful debts	50 508 164	9 328 546
<b>Total debtors by customer classification</b>	<b>58 508 164</b>	<b>9 328 546</b>

**3.1 Reconciliation of the doubtful debt provision**

Balance at beginning of the year		
Contributions to provision	64 045 215	57 628 908
Reversal of provision	(7 682 194)	6 416 307
<b>Total</b>	<b>56 363 021</b>	<b>64 045 215</b>
Correction of error (Note 38)	-	-
<b>Balance at end of year</b>	<b>56 363 021</b>	<b>64 045 215</b>

**Trade and other receivables past due but not impaired**

Trade and other receivables which are regular payers with amounts owing less than 60 days past due are not considered to be impaired. At 30 June 2015, R8 103 144 - (2014: R3 791 500) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:  
Less than 60 days past due  
Less than 180 days past due

	1 304 452	1 288 885
	6 798 692	2 502 614
	<b>8 103 144</b>	<b>3 791 500</b>



**ZULULAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

	Note	2015 R	2014 R
<u>Trade and other receivables impaired</u>			
As of 30 June 2015, trade and other receivables of R56 363 021 - (2014: R64 045 213) were impaired and provided for.			
The ageing of these receivables is as follows:			
3 to 6 months		56 363 021	64 045 213
Over 6 months			
		5 072 461	7 900 892
		51 290 559	56 144 321

The fair value of trade and other receivables approximates their carrying amounts.

**3.2. OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Debtor: Ordini Motors		31 600
Debtor: Avis	5 364	-
Debtor: Waphatha Group Pty Ltd	18 774	-
Debtor: Imibali Elegance Tourism	16 092	-
Debtor: BP Drakensburg	136 888	-
<b>Total</b>	<b>177 118</b>	<b>31 600</b>

**4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Debtor: Interest on Investment (Call accounts)		70 318
Debtor: S S Nkumbule	13 631	29 740
Debtor: ISM Hadebe	17 740	73 514
Debtor: JB Dlamini	23 043	36 276
Debtor: Natal Spa	18 440	71 058
Debtor: Insurance Claim	-	202 679
Debtor: Uluindi Municipality	202 679	454 935
Debtor: Federal Air Lines	-	15 190
Debtor: BAC Helicopter	-	4 598
Debtor: KZN Aviation	-	3 010
Debtor: Noogreen Farm	-	2 359
Debtor: Vriendschap Boredey	-	158 825
Debtor: Pongole Municipality	-	284 062
Debtor: ZIM Ngwenya	347	-
Bursary debtors	6 260	-
Debtor: ABSA Bank	7 604	-
Debtor: Water Affairs	12 666 538	2 739 528
<b>Total</b>	<b>12 966 283</b>	<b>4 146 683</b>
Adjusted for Correction of Error (Note 38)	-	(4 589)
<b>Total Other Debtors</b>	<b>12 956 283</b>	<b>4 141 495</b>

**5 INVENTORIES**

<b>Closing balance of inventories:</b>		
Consumable store & water stock	5 201 962	3 337 865
Fuel Stock	305 367 80	27 880
<b>Total</b>	<b>5 507 329</b>	<b>3 365 745</b>
Adjusted for Correction of Error (Note 38)	-	(80 190)
<b>Total Inventory</b>	<b>5 507 329</b>	<b>3 285 555</b>

**6 PREPAYMENTS**

Prepaid expenses	70 011	1 064 470
Federal Air deposit	689 920	689 920
	759 931	1 754 390

Pre-payments include Eskom electricity account with credit balances and deposit on aviation contract paid to Federal Air.

**7 NON-CURRENT RECEIVABLES**

Debtor: Eskom Deposits		3 118 844
Deposit: Property 165 President Str., Vryheid	5 218 301	6 044
<b>Total</b>	<b>5 224 345</b>	<b>3 124 887</b>

**Eskom Deposit:** is payable when an application is made to connect a new water scheme for the Eskom line supply.

**Rent Deposit:** this is the deposit payable in terms of the office lease agreement

**ZULULAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**8. PROPERTY, PLANT AND EQUIPMENT**

**8. Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Community	Capital work in Progress	Heritage	Other Assets	Finance lease assets	Total
R	R	R	R	R	R	R	R	R	R

as at 1 July 2014	470 000	33 409 277	1 161 455 841	14 898 440	813 181 437	-	28 576 778	-	2 052 991 773
Cost/Revaluation	470 000	43 476 034	1 382 104 989	14 933 380	813 181 437	-	52 015 213	-	2 306 181 053
Correction of error (note 48)	-	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(10 066 757)	(220 649 148)	(34 940)	-	-	(22 438 435)	-	(253 189 280)

Impairment loss/Reversal of impairment loss	-	1 704 010	145 735 217	-	(150 137 610)	-	2 874 627	-	176 244
Transfers	-	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	177 921	-	-	-	3 723 379	-	3 901 300
Capital under Construction	-	-	-	-	229 443 701	-	-	-	229 443 701
Depreciation	-	(990 230)	(29 842 635)	(419 280)	-	-	(8 002 334)	-	(39 254 479)
Carrying value of disposals	-	-	(68 149)	-	-	-	(160 078)	-	(228 227)
Cost/Revaluation	-	-	(79 511)	-	-	-	(1 550 531)	-	(1 630 043)
Accumulated depreciation and impairment losses	-	-	11 363	-	-	-	1 390 453	-	1 401 816

as at 30 June 2015	470 000	34 123 056	1 277 458 196	14 479 160	892 487 528	-	28 012 372	-	2 247 030 312
Cost/Revaluation	470 000	45 180 044	1 527 938 615	14 933 380	892 487 528	-	57 062 687	-	2 538 072 255
Transfers	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(11 056 988)	(250 480 420)	(454 220)	-	-	(29 050 315)	-	(291 041 942)

Refer to Appendix B for more detail on property, plant and equipment

ZULULAND DISTRICT MUNICIPALITY		NOTES TO THE FINANCIAL STATEMENTS		for the year ended 30 June 2014					
8. Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Capital work in progress	Heritage	Other Assets	Finance lease assets	Total

[illegible]



ZULULAND DISTRICT MUNICIPALITY		NOTES TO THE FINANCIAL STATEMENTS		for the year ended 30 June 2014	
9	Reconciliation of Carrying Value				
	Art collections	Stamp collections	Collections of rare	books or manuscripts	Historical buildings
					Total

988 478	-	-	-	-	988 478
988 478	-	-	-	-	988 478
162 974	-	-	-	-	162 974
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1 151 452	-	-	-	-	1 151 452
1 151 452	-	-	-	-	1 151 452
-	-	-	-	-	-

**ZULULAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**10 INTANGIBLE ASSETS**

Note

**10.1 Reconciliation of carrying value**

	Computer Software	Total
	R	R
<b>as at 1 July 2014</b>	<b>383 745</b>	<b>383 745</b>
Cost	3 928 215	3 928 215
Accumulated amortisation and impairment losses	(3 544 470)	(3 544 470)
<b>Acquisitions</b>	<b>471 325</b>	<b>471 325</b>
Amortisation	(191 993)	(191 993)
<b>Carrying value of disposals</b>	<b>-</b>	<b>-</b>
Cost	(25 480)	(25 480)
Accumulated amortisation	25 480	25 480
<b>as at 30 June 2015</b>	<b>663 078</b>	<b>663 078</b>
Cost	4 374 060	4 374 060
Accumulated amortisation and impairment losses	(3 710 983)	(3 710 983)

**ZULULAND DISTRICT MUNICIPALITY**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
**as at 30 June 2015**

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June - 1	Received during the period	Redeemed / written off during the period	Balance at 30 June	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R		
			-	-	-	-		
Total long-term loans			-	-	-	-		
TOTAL EXTERNAL LOANS			-	-	-	-		

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Creditor previous year/ year end	-	33 721 197
Bank deposits not recognised	74 249	-
Bursary debtors	-	-
Creditor Control Account	34 081 676	-
Other Creditors	-	306 826
Rental deposit: Etshelwelo	5 000	-
Rental deposit: Awe	2 632	-
Rental deposit: Wepthasha Group (Pty) Ltd	2 882	-
Rental deposit: Inbosi Elegance Tourism	2 882	-
Stores and Materials	-	-
Retention	41 651 091	45 104 219
Water & Sanitation Debtors with Credit Balances	1 008 129	1 513 597
Total	78 828 060	80 719 906
Adjusted for Correction of Error (Note 38)	-	(1 597 473)
Total Related Creditors	78 828 060	79 122 433

12 CONSUMER DEPOSITS

Water	3 329 844	3 327 865
Total consumer deposits	3 329 844	3 327 865

ZDM does not pay interest on deposits retained.

13 VAT RECEIVABLE

Vat	13 347 306	11 132 025
Year-end vat reclaimable	-	3 203 594
VAT Payable	(7 822 370)	(8 244 050)
Reinstated balance	3 524 938	5 641 535

Vat is accounted for on the payments in aid.

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CURRENT PROVISIONS

Reconciliation of movement in Provision for Leave pay

Opening Balance	5 069 405	5 280 543
Provisions Raised	3 290 414	2 882 803
Amounts Used	(2 344 589)	(2 283 885)
Closing Balance	5 014 831	5 879 461

15 OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Unspent Conditional Grants from other spheres of government	-	558 370
Creditors Deceased Staff	4 444	4 444
Creditors TW Mithwen	23 260	-
Creditors LE Shange	179 369	-
Total	207 123	562 815

17 OTHER FINANCIAL LIABILITIES

Rental deposits held	-	-
Deposit - ICC	2 905	2 905
Deposit - WSSA	2 420	2 420
Total	5 325	5 325

Rental deposits are held in terms of the signed rental agreement between Lerxox and Luvuvu.



**ZULULAND DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

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**SERVICE CHARGES**

Sale of water	21 011 918	19 784 186
Sewerage and sanitation charges	6 936 261	7 134 858
<b>Total Service Charges</b>	<b>29 948 179</b>	<b>26 919 025</b>

19

**RENTAL OF FACILITIES AND EQUIPMENT**

Rental of facilities	178 377	118 418
<b>Total rentals</b>	<b>178 377</b>	<b>118 418</b>

20

**INTEREST EARNED - EXTERNAL INVESTMENTS**

Current Account	888 889	887 425
Call Accounts	1 178 532	6 083 060
<b>Total Interest</b>	<b>2 067 421</b>	<b>6 980 485</b>

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**INTEREST EARNED - OUTSTANDING RECEIVABLES**

Debtors	-	-
<b>Total Interest</b>	<b>-</b>	<b>-</b>

22

**REVENUE FROM NON-EXCHANGE TRANSACTIONS**  
**GOVERNMENT GRANTS AND SUBSIDIES**  
DWAf Accelerated Community Infrastructure (Operational & maintenance)

DWAf - Bulk Infrastructure Grant	3 500 000	15 721 000
Equitable share	62 868 894	53 081 371
Expanded public works Programme	287 420 000	278 930 000
Finance Management Grant	2 466 000	2 942 000
Grant Rural Sanitation	1 250 000	1 250 000
Indrasa	-	4 500 000
Grant Strategic Support	1 178 000	1 539 000
MIG Grant	345 802	-
MWIG	241 822 000	281 545 000
Municipal Systems Improvement Grant	38 205 000	37 170 000
Mesafication	934 000	880 000
P700 Strategic Corridor	-	5 886 715
Shared Services Planning	2 187 000	1 866 000
Umrifi Airport	462 789	2 276 613
Training of Councilors	-	6 469 025
Genets ACP	1 017 483	200 000
Drought Relief Grant	4 443 747	544 437
<b>TOTAL</b>	<b>659 449 084</b>	<b>873 040 161</b>

**ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015**

22.1

**Other Revenue from Non-Exchange**

**Tempering Fee**

37 954	27 854
<u>37 954</u>	<u>27 854</u>

**Equitable Share**

In terms of the Contribution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 800 free basic water.

**MG GRANT**

**Balance unspent at beginning of year**

**Current year receipts**

**Conditions met - transferred to revenue**

**Conditions still to be met - remain liabilities**

241 622 000	261 545 000
<u>(241 622 000)</u>	<u>(261 545 000)</u>

MG is implemented on a multi-year programme and the conditions are met on a ongoing basis.

**Conditional Government Grants and Subsidies**

**Balance unspent at beginning of year**

**Current year receipts**

**Conditions met - transferred to revenue**

**Conditions still to be met - remain liabilities**

558 370	13 275 022
657 873 241	660 323 506
<u>(658 431 611)</u>	<u>(673 040 160)</u>
(9)	558 370

**Change in levels of government grants**

Based on the allocations set out in the Division of Revenue Act No 05 of 2013, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

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**OTHER REVENUE FROM EXCHANGE TRANSACTIONS**

Mention entry fee	59 654	49 655
New connections-sewerage	20 531	10 437
New connections-water	76 015	66 020
Reconnection for water	142 983	118 456
Sundry Income	110 662	161 402
Sale of Aviation fuel	231 183	595 313
Revenue from flight tickets	2 348 350	438 881
Donations received	-	274 000
Discount Received	33 543	32 360
Indemnity Hall Hire	702	2 000
Telephone expenses recovered	124 028	61 467
Skills Levy Refunds	264 683	288 845
Non-refundable tender deposit	288 707	413 860
<b>TOTAL</b>	<u>3 761 241</u>	<u>2 533 754</u>

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**EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages  
Employee related costs - Contributions for UIF, pensions and medical aids  
Travel, motor car, accommodation, subsistence and other allowance  
Housing benefits and allowances  
Overtime payments  
Other employee related costs

99 471 945	87 550 785
23 312 205	20 637 178
7 166 461	7 648 273
823 138	662 364
8 067 646	8 230 359
5 164 315	4 641 754
<u>144 055 308</u>	<u>128 570 712</u>

**TOTAL EMPLOYEE RELATED COSTS**

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

	2014	2015	R
<b>Remuneration of the Municipal Manager</b>			
Annual Remuneration		540 000	540 000
Performance- and other bonus <sup>(1)</sup>		174 716	138 524
Travel, motor car, accommodation, subsistence and other allowances		821 026	765 086
Contributions to UIF, Medical and Pension Funds		68 590	61 115
<b>TOTAL</b>		<b>1 602 443</b>	<b>1 444 725</b>

<b>Remuneration of the Chief Finance Officer</b>			
Annual Remuneration		360 000	360 000
Performance- and other bonus <sup>(1)</sup>		124 535	106 015
Travel, motor car, accommodation, subsistence and other allowances		742 816	653 452
Contributions to UIF, Medical and Pension Funds		71 004	52 200
<b>TOTAL</b>		<b>1 298 356</b>	<b>1 171 627</b>

Remuneration of Individual Executive Directors	Planning	Technical Services	Corporate Services	Community Services
	R	R	R	R
Annual Remuneration	360 000	360 000	360 000	360 000
Performance- and other bonus <sup>(1)</sup>	113 213	109 862	101 862	101 862
Travel, motor car, accommodation, subsistence and other allowances <sup>(1)</sup>	702 019	775 947	802 761	796 655
Contributions to UIF, Medical and Pension Funds	37 802	26 071	42 248	20 537
<b>Total</b>	<b>1 203 034</b>	<b>1 272 815</b>	<b>1 205 871</b>	<b>1 280 054</b>

	Community	Technical Services	Corporate Services	Planning
	R	R	R	R
Annual Remuneration	360 000	360 000	360 000	360 000
Performance- and other bonus <sup>(1)</sup>	86 832	-	90 113	86 832
Travel, motor car, accommodation, subsistence and other allowances	677 102	634 428	717 181	678 522
Contributions to UIF, Medical and Pension Funds	35 067	18 721	55 865	21 355
<b>Total</b>	<b>1 159 001</b>	<b>1 013 149</b>	<b>1 223 159</b>	<b>1 146 710</b>

**25 REMUNERATION OF COUNCILLORS**

	R	R
Mayor		
Deputy Mayor	746 026.00	703 601
Speakers	373 014.00	351 900
Executive Committee Members	593 822.00	563 040
Councillors' pension and medical aid contributions	2 238 088.00	2 111 404
Councillors' allowance <sup>(1)</sup>	437 660	319 037
<b>Total Councillors' Remuneration</b>	<b>1 822 732</b>	<b>2 142 179</b>
In-kind Benefits	6 221 353	6 191 351

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has a use of the Council owned vehicle for official duties. The Mayor has contracted bodyguards and three (3) full time drivers.

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

26.1

DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	(39 887 552)	(28 508 576)
Intangible assets	(191 993)	(191 993)
<b>Total Depreciation and Amortisation</b>	<b>(39 079 545)</b>	<b>(28 700 571)</b>

26.2

REPAIRS AND MAINTENANCE

Repairs and maintenance: Building	2 737 204	1 543 048
Repairs and maintenance: Computers	63 736	111 506
Repairs and maintenance: Furniture and equipment	16 558	39 257
Operations and maintenance of water schemes	21 227 355	34 758 288
Refurbishment and maintenance - water schemes	12 307 595	7 136 525
Repairs and maintenance: Vehicles	4 782 548	3 502 528
<b>Total</b>	<b>41 115 042</b>	<b>47 091 155</b>

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FINANCE COSTS

Borrowings	-	-
<b>Total Finance Costs</b>	<b>-</b>	<b>-</b>

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BULK WATER PURIFICATION AND SEWER TREATMENT

Electricity	31 719 265	32 715 059
Water	3 217 807	2 787 110
<b>Total Bulk Purification</b>	<b>35 243 337</b>	<b>40 533 964</b>
	74 180 428	78 616 155

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CONTRACTED SERVICES

Contracted services for:		
Security Services	10 343 890	10 090 900
Meter reading Services	67 293	166 725
Cleaning Services	2 256 683	2 092 414
Internal Audit Services	2 155 125	1 088 572
<b>Restated total</b>	<b>14 862 991</b>	<b>13 438 612</b>

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GRANTS AND SUBSIDIES PAID

Abaqulusi Municipality	50 000	50 000
Nongoma Municipality	50 000	50 000
Pongola Municipality	50 000	50 000
Ulundi Municipality	50 000	50 000
Bedfordside Route	-	80 000
Zululani Building Route	-	50 000
Water Services Provider Grant (Abaqulusi)	-	1 509 238
<b>Total</b>	<b>200 000</b>	<b>1 839 238</b>

These grants exempt a Tourism Grants to Local Municipalities, other tourism institutions and a Water Services Provider Grant to Abaqulusi Municipality

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GENERAL EXPENSES

Included in general expenses are the following:-

Advertising	352 518	217 906
Audit fees	2 338 721	1 943 615
Bank charges	273 358	163 949
Conferences and delegations	50 852	49 005
Entertainment	470 810	413 050
Fuel and oil	7 612 273	9 787 553
Insurance	655 536	1 151 275
Membership fees	1 259 890	1 257 532
License fees (Vehicle)	423 010	479 315
License fees - Other	70 278	-
Post Control	144 854	-
Postage	267 689	406 528
Printing and stationery	574 522	583 351
Professional fees	6 611 773	7 023 059
Rental of buildings	180 785	192 770
Rental of office equipment	788 894	1 084 605
Other rentals	380 214	148 526
Gifts development (win)	1 363 908	1 243 584
Stocks and material	287 605	258 952
Telephone cost	2 256 617	1 917 815
Training	1 707 237	1 706 461
Community & social expenditure	102 123 153	111 958 475
Travel and subsistence	9 538 164	9 138 094
Uniforms & overalls	708 856	694 197
Grants/ Projects expenditure	64 028 980	80 853 134
<b>Total</b>	<b>201 715 127</b>	<b>212 653 857</b>

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

32

GAIN ON SALE OF ASSETS

Property, plant and equipment	167 110	23 291
Total	167 110	23 291

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CASH GENERATED BY OPERATIONS

Surplus for the year	155 878 422	188 725 926
Adjustment for:-		
Depreciation and amortisation	38 089 925	28 700 571
Gain on sale of assets	(167 119)	(23 291)
Interest - Investments	(2 037 921)	(6 580 495)
Operating surplus before working capital changes	182 763 307	211 622 731
Working Capital	(17 084 749)	9 379 020
(Increase)/decrease in trade and other receivables from exchange transactions	(4 311 645)	(822 540)
(Increase)/decrease in other receivables from non-exchange transactions	(8 814 789)	355 874
(Increase)/decrease in current provisions	945 425	588 813
(Increase)/decrease in prepayments	994 459	170 250
(Increase)/decrease in VAT receivable	1 116 802	12 427 948
(Increase)/decrease in VAT payable	-	-
(Increase)/decrease in inventory	(2 221 775)	(14 543)
(Increase)/decrease in non-current receivables	(2 059 457)	884 282
Increase/(decrease) in trade and other payables from exchange transactions	(2 304 345)	8 558 359
Increase/(decrease) in current taxes	101 878	9 424
Increase/(decrease) in consumer deposits	-	(52 712)
Increase/(decrease) in trade and other payables from non-exchange transactions	(355 682)	(12 891 337)
Increase in other non-current financial liabilities	-	-
(Increase)/decrease in other trade and other receivables from exchange transactions	(145 518)	(24 907)
Cash generated by/used in operations	175 668 553	220 801 752

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

	2015	2014
	R	R
Cash receipts from consumers, government and other		
Total revenue per statement of financial performance	703 034 970	709 600 706
Adjusted for items disclosed separately		
Interest received	(2 037 921)	(6 990 465)
Financial fair value recovered	1 087 113	1 000 000
Adjusted for working capital	(45 581 169)	13 365 627
(Increase)/decrease in trade and other receivables from exchange transactions	(4 311 463)	(622 540)
(Increase)/decrease in other receivables from non-exchange transactions	(8 814 789)	326 874
(Increase)/decrease in current provisions	946 425	538 813
(Increase)/decrease in VAT receivable	1 116 602	12 427 948
(Increase)/decrease in inventory	(2 221 775)	(14 843)
(Increase)/decrease in non-current receivables	(2 059 457)	894 282
(Increase)/decrease in other trade and other receivables from exchange transactions	(145 516)	(24 907)
Cash receipts from consumers, government and other	656 563 006	716 993 246

Cash paid to employees, suppliers and other		
Total expenses per statement of financial performance	(344 420 779)	(621 668 061)
Adjusted for non-cash items:		
Depreciation	39 069 925	29 700 571
Adjusted for items disclosed separately	39 069 925	29 700 571
Finance Costs		

Adjusted for working capital	(1 563 598)	(5 866 006)
(Increase)/decrease in prepayments	574 469	170 260
(Increase)/decrease in trade and other payables from exchange transactions	(2 304 345)	8 658 369
(Increase)/decrease in trade and other payables from non-exchange transactions	(355 682)	(12 661 337)
(Increase)/decrease in consumer deposits	101 879	9 424
(Increase)/decrease in current taxes and transfers payable (non-exchange)	-	(32 712)
(Increase)/decrease in other current liabilities	-	-
(Increase)/decrease in other current liabilities	-	-

Cash paid to employees, suppliers and other	(510 034 433)	(466 163 496)
---	---------------	---------------

34

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	9 000	-
Bank overdrafts	(45 488 859)	(5 467 352)
Net cash and cash equivalents (net of bank overdrafts)	(44 489 859)	(5 469 352)

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

35

Contributions to organised local government

Opening balance		
Membership Fees	1 257 632	1 257 632
Amount paid - current	(1 257 632)	(1 257 632)
Amount paid - previous years	-	-
Balance unpaid (included in payable ?)	-	-

35.1

36.3	PAYE and UIF		
	Opening balance	-	-
	Current year payroll deductions	21 065 420	19 835 575
	Amount paid - current year		
	Balance unpaid (included in payables)	(21 065 420)	(19 835 575)

Outstanding less Outstanding more  
than 90 days than 90 days

Total Council for Arrear Consumer Accounts	1 105	51 820
--	-------	--------

Total Councilor Arrear Consumer Accounts	5,808	85,490
--	-------	--------

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

35.9

Water losses averaged 7.6% during the year

	R	2014	2013
		II	
	7 544 915		6 546 269

Unaccounted for water complicates underground leaks, faulty meters, vandalism, reservoir overflows resulting from either faulty or malfunctioning ball valves. The Non Revenue Water Management Strategy is already in place. The municipality is currently drafting the business plan to source funding for the implementation of the Non Revenue Water Management Strategy.

35.7

Irregular Expenditure

Reconciliation of irregular expenditure

Opening balance

Irregular expenditure incurred during the year

Report on Deviations Incurred

Irregular expenditure condoned or written-off by council

Irregular expenditure awaiting condonement

88 750	12 860 965
59 448	88 750
-	-
(59 798)	(12 860 965)
49 400	43 750

Irregular expenditure relates to procurements that were made from companies who have directors or members who are in the service of the state. In June 2012 the municipality procured the services of a company that verifies the status of a company or individual before an appointment can be made. This has gone a long way to ensure that companies whose members are in the service of the state are not appointed.

35.8

Unauthorized expenditure

Reconciliation of unauthorized expenditure

Opening balance

Unauthorized incurred during the year

Unauthorized incurred condoned or written-off by council

Unauthorized awaiting condonement

-	-
-	-
-	-
-	-

35.9

Fruitless and Wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance

Fruitless and wasteful incurred during the year

Fruitless and wasteful condoned or written-off by council

Fruitless and wasteful awaiting condonement

41 169	42 815
65 975	78 205
(94 989)	(79 621)
12 155	41 199

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

35.10

Report on Approved Deviations

Reconciliation of approved deviations

Opening balance

Deviations incurred during the year

Deviations reported to council

Deviations awaiting reporting to council

25 036 267	47 370 587
(25 036 267)	(47 370 587)
-	-

Compliance with Municipal Supply Chain Management Regulations, paragraph 36.



ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

36

CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for		
Infrastructure	227 677 632	228 717 126
Community	238 716 616	225 692 746
Other	688 535	2 893 758
	371 281	220 622
- Approved but not yet contracted for		
Community	289 309 875	128 814 254
Heritage	-	-
Other	5 648 000	17 813 000
Infrastructure	283 461 875	111 301 254
<b>Total</b>	<b>526 067 508</b>	<b>357 531 380</b>

The expenditure will be financed from:

- Own Revenue	6 808 616	20 637 360
- Government Grants	520 178 681	336 894 000
<b>Total</b>	<b>526 987 297</b>	<b>357 531 360</b>

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

37

OPERATING LEASES

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

	R	ZAR	R
Operating leases - Finance			
Within one year	81 287	132 059	
In the second to fifth year inclusive	77 927	223 512	
After five years			
<b>Total</b>	<b>159 215</b>	<b>355 571</b>	
Total future minimum sublease payments expected to be received under non-cancelable subleases			
Related party balances			
Loan accounts - Owing (to) by related parties			

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

36

CORRECTION OF PRIOR PERIOD ERROR

Add: Correction of errors at 30 June 2013 and prior periods	
Nature of error	
Reversal of R0 receipts suspense account (JNL E275)	
Reversal of JNL No. A071 from WIP to Correction of Error vote (E2170).	
Correction of interest accrued (JNL A063)	
JNL E205	
Reversal of JNL no. A055.	
Flight tickets revenue	
Fuel Air Expenditure	
Capitalisation of work-in-progress and recognition of year-end receipts (JNL E225).	
Recognition of Input VAT that was not claimed during 12/13 financial year (JNL E2197)	
Recognition of VAT on 2013 debtors balance before calculating provision for impairment (JNL A053)	
Correction of depreciation (JA064)	
Correction of error (JA	(145 647)
Correction of error (JA	(177 594)
Correction of error (JA	(298 685)
Recognition of retention (JA056)	1 597 473
Restated Balance at 30 June 2013	<u>577 595</u>

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

	2014	2013	2012
	R	R	R
Re-allocation of income from sale of aviation fuel (JLE071)	(4 598)		
Stock written-off for 2013/14 financial year (JLE0162)	(81 346)		
Stock written-off for 2013/14 financial year (JLE0162)	1 155		
Recognition of retention (JLA055)	-		
Correction of depreciation (JLA094)	(18 208)		
Correction of error (JL)	(22 157)		
Flight tickets revenue	(47 777)		
Fed Air Expenditure			
Capitalisation of work-in-progress and recognition of year-end receipts (ANL E026)			
Recognition of input VAT that was not claimed during 12/13 financial year (ANL E0187)			
Recognition of VAT on 2013 debtors balances before establishing provision for impairment (AN A053)			
Revised Balance at 30 June 2014			(172 976)

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

	2014	2015
	R	R

**NET EFFECT OF PRIOR PERIOD ERRORS:**

Increase creditors	
Decrease In Retention	
Increase in debtors (VAT Receivables)	(4 598)
Decrease in other debtors from non-exchange transactions	(81 345)
Decrease in Inventory	1 155
Increase in Inventory	(22 189)
Increase in accumulated depreciation	(177 594)
Increase in accumulated depreciation	(47 777)
Increase in accumulated depreciation	(286 665)
<b>NET EFFECT</b>	<b>(678 023)</b>

38

**EMPLOYEE BENEFITS**

Pension Benefits	
Council's share of contributions to retirement benefit funds were	11 974 821
	10 318 028

As stated in the accounting policy note, all contributions to retirement benefit funds are treated as contributions to retirement contribution plans.

Post retirement benefits  
Post retirement benefits

	15 733 000	-
--	------------	---

Employees of the municipality does enjoy post retirement medical benefits and the municipality has a legal or constructive obligation in this regard.

40

**CONTINGENT LIABILITIES**

Contingent liabilities comprises of:  
2015

2 186 845

**Claim for damages**

The Municipality is being sued by a plaintiff for alleged unlawful cancelling of a contract. The municipality is defending the matter and filed a plea and a special plea in terms of which it disputes the validity of the claim.

178 532

**Claim for damages**

The Municipality is being sued by a plaintiff out of the Magistrate's Court for alleged unlawful cancelling of a contract. The municipality is defending the matter and filed a plea and a special plea in terms of which it disputes the validity of the claim.

128 811

**Claim for damages**

The Municipality is being sued by a plaintiff out of the High Court for alleged unlawful cancelling of a contract. The municipality is defending the matter and filed a plea and a special plea in terms of which it disputes the validity of the claim.

1 539 248

**Claim for damages**

#####

180 713

**Claim for damages**

#####

35 200

**Claim for damages**

The Municipality is being sued by a plaintiff out of the Magistrate's Court for alleged breach of contract.

114 840

2014

1 611 293

**Claim for damages**

The Municipality is being sued by service provider arising from the council terminating the services for non-performance in terms of the contract. The Council is contesting the claim based on the legal advice. A court date has not been set.

1 539 248

**Claim for damages**

#####

72 045

**Cashier's dispute**

#####

41

**CONTINGENT ASSET**

Contingent assets comprises of:

2015

2 083 868

ZULULAND DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

Pending Notice of Objection to SARS

VAT refund for the October 2014 tax period is in dispute. The amount of contingent asset is measured reliably

Stolen cheques

#####

689 472

1 384 426

2014

2 831 539

Stolen cheques

#####

2 461 569

Pending Forensic Investigation

Forensic investigation is pending. The amount of contingent asset is determined reliably.

350 000

43

**FINANCIAL LOSS RECOVERED (Fraudulent Transactions)**  
Financial Loss Recovery from the Insurers

Total	1 097 113	1 000 000
	1 097 113	1 000 000

Financial Loss recovered from Insurers associated with stolen cheques.

43

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.**

The Statement of comparison of Budget and actual amounts has been presented in a separate additional statement on page 6. The budget and actual financial statements are prepared on the accrual basis and covers the same period from 1 July 2013 to 30 June 2014.

44

**CHANGE OF ACCOUNTING ESTIMATES**

The useful lives of certain assets were re-estimated in 2013 and extended accordingly. In the current period management have revised their estimates. The effect of this revision has been included in the depreciation charges for the current and future periods by R 61 863.

The effect of these increases is called to an increase in depreciation as follows:  
Current Depreciation

Pre-change of estimate	Post-change of estimate	Net effect
-	61 823	61 863

45

**CAPITAL RISK MANAGEMENT**

The capital structure of the municipality consist of accumulated surplus as disclosed in the statement of changes in net assets.

46

**GEARINGS RATIO**

The gearing ratio is nil since the municipality does not have long term liabilities.

47

**FINANCIAL RISK MANAGEMENT**

The Department Financial Services monitors and manages the financial risk relating to the operations through internal policies and procedures. These risk include interest rate and liquidity risk. Compliance with policy and procedures is reviewed by internal auditors on a continuous basis as annual by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

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**LIQUIDITY RISK**

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss, or risking damage to the municipality's reputation.

Liquidity risk is managed by ensuring that all assets are renewed at maturity of competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional loan arrangements are in place to ensure that cash flow requirements are met.

49

**TRANSFER TO/FROM ACCUMULATED SURPLUS**

Motor vehicle

This consists of vehicles donated by KZN Department of Health to the municipality.

2015

2014

517 785

50

**BAD DEBTS**

Bad debts

Council has taken a resolution to write off indigent irrecoverable debts.

2015

2014

8 246 053

APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2015

Land	Buildings	Infrastructure	Water & Sewerage Inst	Water & Sewerage Pipes	Capital Work in Progress	Community Assets	Recreation Grounds	Total carried forward	Cost / Revaluation					Accumulated Depreciation									
									Opening Balance R'000	Additions R'000	Disposals R'000	Under Construction R'000	Closing Balance R'000	Opening Balance R'000	Depreciation R'000	Disposals R'000	Impairment loss/Reversal of loss R'000	Closing Balance R'000	Transfers R'000	Other movements R'000	Carrying Value R'000		
470 000	470 000	-	-	-	470 000	-	-	470 000	470 000	-	-	-	-	-	-	-	-	-	-	-	-	-	470 000
43 476 034	43 476 034	636 084 982	744 118 416	-	1 042 625 138	14 933 380	14 933 380	2 483 707 950	(230 750 845)	(31 252 145)	11 363	-	-	-	-	-	-	-	-	-	-	-	14 479 180
637 986 573	637 986 573	177 921	(79 511)	-	229 443 701	14 933 380	14 933 380	2 483 707 950	(230 750 845)	(31 252 145)	11 363	-	-	-	-	-	-	-	-	-	-	-	14 479 180
43 476 034	43 476 034	(10 066 757)	(990 230)	-	(11 056 988)	1 704 010	34 123 056	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34 123 056
616 485 563	616 485 563	636 084 982	744 118 416	-	1 042 625 138	14 933 380	14 933 380	2 483 707 950	(230 750 845)	(31 252 145)	11 363	-	-	-	-	-	-	-	-	-	-	-	14 479 180
660 972 633	660 972 633	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	660 972 633
1 277 458 196	1 277 458 196	177 921	(79 511)	-	229 443 701	14 933 380	14 933 380	2 483 707 950	(230 750 845)	(31 252 145)	11 363	-	-	-	-	-	-	-	-	-	-	-	14 479 180
892 487 528	892 487 528	1 042 625 138	1 042 625 138	-	229 443 701	14 933 380	14 933 380	2 483 707 950	(230 750 845)	(31 252 145)	11 363	-	-	-	-	-	-	-	-	-	-	-	14 479 180
813 181 437	813 181 437	177 921	(79 511)	-	229 443 701	14 933 380	14 933 380	2 483 707 950	(230 750 845)	(31 252 145)	11 363	-	-	-	-	-	-	-	-	-	-	-	14 479 180
2 254 165 839	2 254 165 839	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 219 017 940

**APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
as at 30 June 2015**

<b>Cost / Revaluation</b>										<b>Accumulated Depreciation</b>									
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of	Closing Balance	Transfers	Other movements	Carrying Value						
Total brought forward	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000						
	2 254 165 839	177 921	(79 511)	229 443 701	2 483 707 950	(230 750 845)	(31 252 145)	11 363	-	(261 991 627)	(2 698 383)	-	2 219 017 940						
Other Assets	1 067 066	12 500	(11 444)	-	1 068 122	(321 336)	(273 097)	11 444	(582 989)	(582 989)	2 106 537	-	2 591 670						
	Office Equipment					(358 468)	(192 599)	387	(550 681)	(550 681)	-	-	1 051 796						
Furniture & Fittings	980 170	622 307	-	-	1 602 477	(100 771)	(18 614)	-	(119 384)	(119 384)	-	-	34 361						
	Emergency Equipment					(18 658 005)	(5 934 765)	1 376 841	(23 215 929)	(23 215 929)	637 785	-	20 505 552						
Motor vehicles	42 277 603	2 343 396	(1 537 305)	-	43 083 696	(2 096 569)	(833 902)	1 782	(2 868 689)	(2 868 689)	-	-	2 167 489						
	Computer Equipment					(963 287)	(749 357)	-	(1 712 644)	(1 712 644)	130 305	-	1 661 504						
Other Assets	3 122 152	121 690	-	-	3 243 843	(22 438 435)	(8 002 334)	1 380 453	-	(29 050 315)	2 874 627	-	28 012 372						
	Finance Lease Assets																		
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-						
	Other Assets																		
Total	2 306 161 053	3 901 300	(1 630 043)	229 443 701	2 537 896 010	(253 189 280)	(39 254 479)	1 401 816	-	(291 041 942)	176 244	-	2 247 030 312						



**APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
as at 30 June 2014**

Land	Land	Cost / Revaluation										Accumulated Depreciation									
		Operating Balance	Additions	Disposals	Under Construction	Closing Balance	Operating Balance	Depreciation	Disposals	Impairment loss/Reversal of	Closing Balance	Transfers	Other movements	Carrying Value							
		470 000	-	-	-	470 000															
		470 000	-	-	-	470 000															
		43 476 034	-	-	-	43 476 034	(8 896 486)	(1 170 271)	-	-	(10 066 757)	-	-	33 409 277							
Infrastructure	Water & Sewerage Inst	477 457 336	-	-	-	477 457 336	(124 149 619)	(13 353 746)	-	-	(137 503 364)	160 529 237	-	500 483 208							
Water & Sewerage Pipes		466 546 584	-	-	-	466 546 584	(71 459 725)	(11 686 058)	-	-	(83 145 783)	277 571 832	-	660 972 633							
		-	-	-	-	-	-	-	-	-	-	-	-	-							
		944 003 920	-	-	-	944 003 920	(195 609 344)	(25 039 804)	-	-	(220 649 148)	438 101 069	-	1 161 455 841							
Capital Work in Progress		949 837 011	316 378 874	1 266 215 885			-	-	-	-	(453 034 449)	-	813 181 437								
Community Assets	Recreation Grounds	-	-	-	-	-	(34 940)	-	-	-	(34 940)	14 933 380	-	14 898 440							
		-	-	-	-	-	-	-	-	-	-	-	-	-							
Total carried forward		1 937 786 965	316 378 874	2 254 165 839	-	-	(204 505 830)	(26 245 015)	-	-	(230 750 845)	0	-	2 023 414 995							

## as at 30 June 2014

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**APPENDIX C**  
**ANALYSIS OF HERITAGE ASSETS**  
**as at 30 June 2015**

Cost / Revaluation									
Opening Balance	R'000	Additions	R'000	Disposals	R'000	Under Construction	R'000	Closing Balance	R'000
Impairment loss/Reversal of impairment loss	R'000	Transfers	R'000	Other movements	R'000	Carrying Value	R'000		
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APPENDIX C  
ANALYSIS OF HERITAGE ASSETS  
as at 30 June -1

Cost / Revaluation									
Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Impairment loss/Reversal of impairment loss	Transfers	Other movements	Carrying Value	R'000
988 478	-	-	162 974	1 151 452	-	-	-	1 151 452	R'000
Art collection									
Work of arts									
Antiquities									
Stamp collections									
Collections of insects and butterflies									
Collections of fossils									
Collections of rare books or manuscripts									
Collection of rare books									
Manuscripts									
Historical Buildings									
Graves and burial grounds									
Historical Buildings									
Total	988 478	-	-	162 974	1 151 452	-	-	1 151 452	

## 50

Total	2 306 181 053	43 946 034	48 739 315	3 122 152	14 933 380	153 746	2 195 286 425	Water
	R							Other
Executive & Council	229 443 701	43 946 034	48 739 315	3 122 152	14 933 380	153 746	2 195 286 425	Public Safety
	R							Community & Social Services
Finance & Admin	229 443 701	43 946 034	48 739 315	3 122 152	14 933 380	153 746	2 195 286 425	Health
	R							Planning & Development
Cost / Revaluation	2 537 886 736	43 946 034	50 791 198	3 243 843	-	-	-	Executive & Council
	R							Finance & Admin
Accumulated Depreciation	(253 189 280)	(10 066 757)	(21 374 377)	(963 287)	(34 940)	(100 771)	(220 649 148)	Planning & Development
	R							Health
Disposals	(39 254 479)	(990 230)	(7 234 364)	(749 357)	(419 280)	(18 614)	(29 842 635)	Community & Social Services
	R							Public Safety
Disposals	1 388 990	-	1 377 227	-	-	-	11 363	Water
	R							Other
Transfers	(291 055 168)	(11 056 988)	(27 221 514)	(1 712 644)	(454 220)	(119 384)	(250 480 420)	Executive & Council
	R							Finance & Admin
Other movements	637 785	-	637 785	-	-	-	-	Planning & Development
	R							Health
Carrying value	2 247 479 353	32 889 046	24 197 469	1 531 199	14 479 160	34 361	2 174 348 116	Community & Social Services
	R							Public Safety

**ZULULAND DISTRICT MUNICIPALITY**

**APPENDIX E**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 30 June 2015**

2014	2014	2014	2015	2015	2015
Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R	R	R	R
288 836 948	53 149 349	(53 149 349) Executive & Council	-	44 670 776.74	(44 670 777)
9 531 613	35 258 091	253 578 857 Finance & Admin	304 813 312	35 808 723.02	269 004 589
8 338 025	16 768 522	(7 236 910) Planning & Development	3 909 370	17 215 935.20	(13 306 565)
403 889 547	88 396 884	(80 058 859) Community & Social Services	1 729 000	114 120 051.00	(112 391 051)
	328 304 576	75 584 971 Water & Sanitation	385 088 903	327 846 676.68	57 242 226
<b>710 596 133</b>	<b>521 877 423</b>	<b>188 718 711</b>	<b>695 540 585</b>	<b>539 662 163</b>	<b>155 878 422</b>

[illegible][illegible]

Municipal Government of Regina - Financial Statement									
Statement of Financial Position									
	1	2	3	4	5	6	7	8	9
Financial Performance									
Service Charges	20 237 000.00			20 237 000.00	20 248 170.39			104.22	102.22
Transfers received - operational	312 549 000.00	460 000.00		313 022 000.00	659 448 093.73			210.67	210.66
Other own revenue	190 316 000.00	(7 852 000.00)		192 136 000.00	14 861 826.61			6.46	7.63
Total Revenue	502 104 000.00	(7 392 000.00)		504 715 000.00	794 233 097.70			321.35	321.03
Employee costs	142 395 000.00			142 395 000.00	144 355 006.39			101.17	101.17
Remuneration of councillors	6 467 000.00			6 467 000.00	8 221 335.45			90.20	90.20
Real Debts					6 246 092.96			-	-
Depreciation	45 616 000.00			46 616 000.00	30 099 624.76			56.17	56.17
Repairs and Maintenance	63 867 000.00			63 867 000.00	41 115 242.51			99.70	99.70
Employee benefits					15 731 900.00			-	-
Miscellaneous and Other Payments	84 135 000.00			84 695 000.00	74 190 426.45			87.41	87.41
Transfers of grants	1 881 000.00			1 881 000.00	200 000.00			10.10	10.10
Other expenditure	173 857 000.00	(18 680 000.00)		157 177 000.00	219 579 067.55			130.70	130.39
Total Expenditure	514 770 000.00	116 088 000.00		497 480 000.00	549 420 779.37			-	-
Surplus / (Deficit)	18 014 000.00	9 487 000.00		27 545 000.00	155 879 428.33			-	-
Transfers Recognized - capital	338 084 000.00	(7 000 000.00)		329 084 000.00	329 894 000.00			100.00	97.82
Contributions Recognized								-	-
Surplus/Deficit after capital transfer	305 000 000.00	2 487 000.00		307 480 000.00	465 872 428.33			-	-
Capital Expenditure	355 008 000.00	2 480 000.00		357 421 000.00				-	-
Transfers recognized - capital	338 084 000.00	(7 000 000.00)		329 084 000.00	329 894 000.00			100.00	97.82
Internally Generated Funds	18 014 000.00	9 480 000.00		27 494 000.00	3 722 378.00			13.54	20.87
Total Sources of capital funds	355 008 000.00	2 480 000.00		357 483 000.00	333 717 278.00			80.35	84.00

Service charges from Sewerage Removal was not budget for during 2014/15 budget.

Due to the appropriation of accumulated reserves used to finance the budget.

Due to the appropriation of accumulated reserves used to finance the budget.

Due to the appropriation of accumulated reserves used to finance the budget.

Due to the appropriation of accumulated reserves used to finance the budget.

Due to the appropriation of accumulated reserves used to finance the budget.